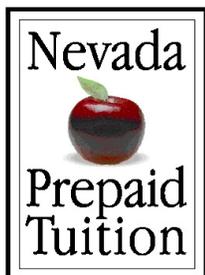




State of Nevada
Office of the State Treasurer
Kate Marshall



Nevada Prepaid Tuition Program
ANNUAL REPORT

FISCAL YEAR 2008

nevadatreasurer.gov

1-888-477-2667

Kate Marshall
State Treasurer



Cecilia Colling
Chief of Staff

Mark Winebarger
Chief Deputy Treasurer

**STATE OF NEVADA
OFFICE OF THE STATE TREASURER
NEVADA PREPAID TUITION PROGRAM**

March 1, 2009

The Honorable Jim Gibbons
Governor of the State of Nevada
Capitol Building
Carson City, NV 89701

Dear Governor Gibbons:

In accordance with Nevada Revised Statute 353B.170, on behalf of the Board of Trustees of the College Savings Plans of Nevada (Board), I respectfully submit the Nevada Prepaid Tuition Program Annual Report for Fiscal Year 2008.

The Nevada Prepaid Tuition Program, which began in 1998 as the state's first 529 college savings plan under IRS Section 529, continues to offer families a unique opportunity to save for their children's higher education expenses. One of only 12 such programs available in the nation, through the Nevada Prepaid Tuition Program families may pre-purchase college credit hours to be used at a future date, providing a cost effective and easy way to afford future college education costs.

During the tenth annual year of enrollment—which began on October 15, 2007, and closed on December 15, 2007—more than 200 new enrollees were added to the Nevada Prepaid Tuition Program, bringing the total number of children enrolled to 12,599.

The Board contracts for professional investment services to manage the assets in the Higher Education Tuition Trust Fund (Fund). At the conclusion of FY 2008, more than \$101 million was invested in the program. Through the efforts of the Board and the State Treasurer's Office, the program continues to be self-supporting, requiring no contribution from the state's general fund. For FY 2008, the Actuarial Valuation indicates sufficient program assets to cover the estimated cost of obligations for all existing contracts with an ending cash balance in excess of \$8 million projected by FY 2029.

For your information and use, included in this report is the annual independent audit of the Nevada Prepaid Tuition Program and Fund, as required by the Board.

In closing, I wish to restate my commitment to the success of our state's children in achieving a college scholarship. The Nevada Prepaid Tuition Program continues to provide families with a financial tool that can help pave the way to future success for their children. Your support of this worthwhile program is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Kate Marshall".

Kate Marshall
State Treasurer



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Las Vegas, NV 89101-1075



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TABLE OF CONTENTS

Executive Summary	Page 4
Summary of Actuarial Valuation Report	Page 5
Summary of Independent Auditor's Report	Page 6
Summary of Investment Reports	Page 8
Summary of Program Statistics	Page 9
Outreach and Future Direction	Page 10
Appendix A- Actuarial Valuation Report	Page A-1
Appendix B - Independent Auditor's Report	Page B-1
Appendix C- G.I.F. Services Investment Report	Page C-1
Appendix D - Bank of New York Mellon Report	Page D-1
Appendix E - Program Statistical Charts	Page E-1

EXECUTIVE SUMMARY

The purpose of the Nevada Prepaid Tuition Program (Program) is to provide a simple and convenient way for Nevada families to save for a college education through a system that allows purchasers to lock in the cost of higher education credit hours today for credit hour payments in the future. The Nevada Prepaid Tuition Program allows parents, grandparents, businesses and others to purchase a contract for a fixed amount of undergraduate credit hours for a child at any Nevada public university or college. A purchaser enters into a contract for the future payment for a specified beneficiary. When the beneficiary enrolls in college, the Program will pay the contract benefits. The contract benefits are based on in-state rates of Nevada public colleges, but can be used toward costs at any accredited, non-profit, private or out-of-state college, as well.

The Program operates under Nevada Revised Statutes (NRS) 353B, which was adopted by the Nevada Legislature in 1997. The Program is administered by the Office of the State Treasurer under the direction of the Board of Trustees of the College Savings Plans of Nevada (Board). The Board consists of five members composed of:

- * The State Treasurer
- * The Director of the Department of Administration
- * The Chancellor of the Nevada System of Higher Education (NSHE)
- * Two members appointed by the Governor

In accordance with NRS 353B, the Board is required to contract with a certified actuary and a certified public accounting firm to perform an annual actuarial valuation and financial audit. For FY 2008, the Board contracted with Milliman USA to conduct the actuarial valuation study and with Kafoury, Armstrong & Co. to conduct the annual audit of the accounts and records of the State Treasurer and the Board.

The Program also contracts with a professional investment advisor to assist the Board in maximizing earnings. Investments were made in accordance with the Program Investment Policies approved by the Board. The Board contracted with G.I.F. Services for the first quarter, and then with The Bank of New York Mellon for the remainder of Fiscal Year 2007-08. The asset allocation of 45% fixed income and 55% equity investments was maintained throughout Fiscal Year 2008 for both advisors.

OBJECTIVES

The financial objectives of the Board have remained firm and consistent:

- ◆ Require the fair value of the Program's investments and assets to be greater than or equal to the actuarial value of all obligations, including future tuition benefits and all future administrative expenses and liabilities associated with operating the Program.

- ◆ Establish an appropriate investment portfolio of assets to accumulate an amount sufficient to pay future tuition benefits and administrative expenses associated with all prepaid contracts.
- ◆ Establish contract plans and payment options that are affordable to most of Nevada's families.

STRATEGIES

Program prices are established in consideration of three basic criteria:

- ◆ Assumption regarding the growth rate of credit hour cost at the Nevada System of Higher Education (NSHE).
- ◆ Assumption regarding the rate of return on investments.
- ◆ Methodology allocating current and future administrative expenses of the Program.

The pricing schedule used for FY 2008 increased by 2% to 6%, depending on the age of the child and the type of tuition purchased for the enrollment period during FY 2008. This increase was sufficient to cover the material increases in NSHE's tuition costs and the projected market returns on investments.

Future objectives and strategies will include ongoing evaluation of the assumptions used to develop contract prices and the asset allocation of the Trust Fund portfolio to ensure its long-term financial integrity.

SUMMARY OF ACTUARIAL VALUATION REPORT

The Fiscal Year 2008 Annual Report for the Nevada Prepaid Tuition Program includes a financial section with reports on actuarial valuation, an independent auditor's report, investment reports and program statistics.

The Actuarial Valuation Report prepared by Milliman USA acknowledged the Nevada Prepaid Tuition Program had sufficient assets, including the value of future installment payments to cover the actuarially estimated value of the tuition obligations under all contracts outstanding as of the valuation date.

As of June 30, 2008, the report shows the Higher Education Tuition Trust Fund had assets that exceeded the best estimate of the obligations by roughly \$780,456, or 0.7% of obligations. During FY 2008, the stabilization reserve position of the Program decreased from a surplus of \$8,618,975 to a stabilization reserve surplus of \$780,456.

Milliman USA estimates a fund balance of \$118.7 million would be 100% of their “Best Estimate” reserve needed. As of June 30, 2008, the actual fund balance was \$119.4 million (the present value of obligations for future tuition payments), or 101% of the actuarially determined “Best Estimate” reserve.

The starting market value of investments as of July 1, 2008, was \$101.7 million. At the end of the FY 2008, when all tuition obligations associated with units already purchased are expected to have been paid, the Trust Fund is expected to have a resulting residual surplus stabilization reserve of \$8.4 million.

STABILIZATION RESERVE SUMMARY		STATEMENT OF ASSETS AS OF JUNE 30, 2008	
Stabilization Reserve as of June 30, 2007	\$8,818,928	INVESTMENTS	MARKET VALUE
Interest on the reserve at 7.5% due to the passage of time	\$661,420	EQUITY	\$51,652,829
Addition to stabilization reserve from new contracts	\$925,487	FIXED INCOME	\$48,187,179
Fewer new contracts sold than expected	(\$164,257)	CASH	\$1,839,959
Operating expense savings	\$36,254	TOTAL MARKET VALUE OF INVESTMENTS	\$101,679,967
Investment loss	(\$12,719,777)	PRESENT VALUE OF INSTALLMENT CONTRACT RECEIVABLES	\$17,767,489
Change in tuition and risk assumptions	\$2,220,222	VALUE OF TOTAL FUND ASSETS	\$119,447,456
Other	\$1,002,401		
Stabilization Reserve as of June 30, 2008	\$780,456		

NRS 353B.190 requires the Program to contract with a certified actuary to perform an annual actuarial valuation study of the Trust Fund.

The full actuarial valuation report can be viewed in Appendix A.

SUMMARY OF INDEPENDENT AUDITOR’S REPORT

NRS 353B.180 requires the Board to contract with an independent certified public accounting firm to perform an annual audit of accounts and records of the State Treasurer and the Board. The Board contracted with independent auditors Kafoury, Armstrong & Co., which performed the audit on the Higher Education Tuition Trust Fund for FY 2008, which ended on June 30, 2008.

The Trust Fund received a clean audit with no qualifications. Material issues of note were:

- ◆ **During FY 2008, the Trust Fund continued to be classified as an enterprise fund and was included in the State of Nevada's *Comprehensive Annual Financial Report* for FY 2008.**
- ◆ **Total assets held as of June 30, 2008, increased to \$126,784,205 over FY 2007 assets of \$124,895,723.**
- ◆ **The Nevada System of Higher Education imposed a 10% increase in university tuition. The Program was able to absorb that material increase but did experience a corresponding decrease in total net assets from \$5,292,360 in FY 2007 to a (-)\$564,063 for FY 2008. The Board has taken steps to improve total net assets by dedicating additional college savings revenues for FY 2009.**

The financial statements of the Trust Fund have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government agencies and standards accepted by the Governmental Accounting Standards Board (GASB).

A budget to actual comparison of the Trust Fund's revenues, expenses, and changes in net assets is presented as supplementary information on page 16 of the financial statements. Total budgeted operating expenses of the Trust Fund for the FY 2008 were \$5,980,031 compared to actual operating expenses of \$8,109,565. The large difference between budget and actual is primarily the result of the budget not including the actuarial amounts for tuition benefits expense, whereas the actual expenses of the Trust Fund, as required under GAAP, does include the actuarial amounts for tuition benefits expense. This budget to actual difference resulting from the actuarial amounts occurs annually, and thus over time results in budgeted net assets exceeding actual net assets. At the conclusion of FY 2008, budgeted net assets of \$118,649,684 exceeded actual net assets of (-)\$564,063.

No material weaknesses involving the internal controls over financial reporting were found or reported.

The full auditor's report can be viewed in Appendix B.

SUMMARY OF INVESTMENT REPORTS

The Board of Trustees of the College Savings Plans of Nevada (Board) contracts with a professional investment manager for investment advice and management services for the Higher Education Tuition Trust Fund. For FY 2008, the Board contracted with G.I.F. Services for the first quarter, and then with The Bank of New York Mellon (BNY Mellon) for the remaining three quarters. Included in this annual report is the first quarter investment summary statement from G.I.F. Services and the Performance Update statement as of June 30, 2008, from BNY Mellon.

G.I.F. Services

During the first quarter of FY 2008, the asset allocation of the portfolio approved by the Board was 45% fixed income and 55% equities. The total returns for the investments in FY 08 with G.I.F. Services as of September 30, 2007, were 0.56% with a balance of \$105,793,333.

The six equity mutual fund investments composite return of 12.46% for the quarter ending September 30, 2007, fell below the Standard & Poor's 500 (benchmark) by 398 basis points. The INVESCO enhanced index investment return for the quarter ending September 30, 2007, of 15.94% fell below the Standard & Poor's 500 (benchmark) by only 50 basis points. The composite fixed income investment return the first quarter in FY 2008 was 5.86%. Both Atlanta Capital's investment return and Trusco's investment return was 5.61% and exceeded the benchmark by 48 basis points for the same time frame.

The breakdown of the funds are shown in the following tables.

Fund Market Values For Period Ending September 30, 2007 Fixed Income Investment			
Allocation	Fund	%	Market Value
Fixed Income	Atlanta Capital	50%	\$23,320,159
	Trusco	50%	\$23,320,866
	Total	100%	\$46,641,025

Fund Market Values For Period Ending September 30, 2007 Equity Investment Diversification			
Allocation	Fund	%	Market Value
Large Cap	Invesco	38%	\$22,172,246
	Dodge & Cox Stock Fund	24%	\$13,985,885
Mid Cap	Goldman Sachs Mid Cap Value	8%	\$4,971,048
	Vanguard Strategic Equity	8%	\$4,824,143
	FMI Common Stock	8%	\$4,810,080
Small Cap	American Beacon Small Cap Value	7%	\$4,226,188
	Harbor Small Cap Value	7%	\$4,162,717
	Total	100%	\$59,152,307

The Bank of New York Mellon

The Board contracted with BNY Mellon as of September 28, 2007, as the investment advisor for the remainder of FY 2008. The new portfolio continued with the asset allocation of 45% fixed and 55% equities. The equities portion is diversified into three different funds. The total returns for the investments in FY 08 with BNY Mellon as of June 30, 2008 was (-)4.83%, with a balance of \$99,840,008. The portfolio out performed the benchmark by 48 basis points.

Fund Market Values For Period Ending June 30, 2008		
Allocation	%	Market Value
Large Cap	33%	\$30,395,581
Mid Cap	11%	\$11,021,036
Small Cap	11%	\$10,236,212
Fixed Income	45%	\$48,187,179
Total	100%	\$99,840,008

The Board, along with its investment advisors, examine the investment portfolio throughout the year and rebalance whenever considered appropriate.

The G.I.F. Services Investment Report is presented as Appendix C. The BNY Mellon Report is attached as Appendix D.

SUMMARY OF PROGRAM STATISTICS

Appendix E contains tables and charts with various statistics collected from the enrollment forms submitted by purchasers who enrolled children in the Program. This information is provided by purchasers on a strictly voluntary basis. The information collected is presented by enrollment year and on a cumulative basis.

The four-year university plan remains the most popular, with almost 80% choosing this plan option during FY 2008 and 40% choosing to pay over the five year and extended monthly installment payment option. The lump sum payment option plan was chosen by 35% and the down payment option was chosen by the remaining 25%. Residents of Clark County purchased almost 52% of the contracts, while residents of Washoe County purchased 27.5% of the contracts in FY 2008. In addition, more parents are saving early for college expenses. In FY 2008, newborns accounted for over 36% of the beneficiaries, compared to only 16% of the cumulative total since 1998. The average age of the beneficiary is six years old.

At the conclusion of FY 2008, nearly 53% of the beneficiaries are Caucasian, followed by Asians (9%) and Hispanics (7.5%), African-Americans (4%), and Native Americans (2%). Parents purchased the largest percentage of contracts (79%) for their children in FY 2008, followed by grandparents (13%).

Purchasers with annual household incomes under \$50,000 represented 9% of the plans sold. Purchasers with annual household incomes ranging from \$50,000 to \$79,000 represented 18.5%, and those with an income level of \$80,000 or more represented 45.5%.

Trends also show the referral source has changed since the inception of the Program. During the first three enrollment periods, approximately 40% of purchasers stated they learned about the Program through television and radio advertising. No television or radio advertising has been included in the marketing program for the last several years. In FY 2008, almost 41% learned about the Program through word of mouth and 34% from the State Treasurer's website.

OUTREACH AND FUTURE DIRECTION

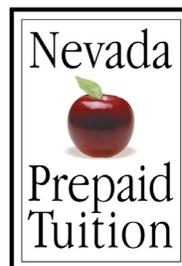
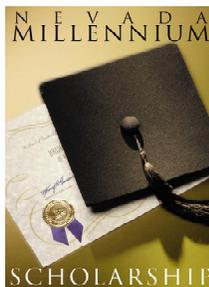
The Treasurer continues to offer a range of college savings options to help more Nevadans be prepared for future college costs. In order to disseminate information, the Treasurer's Office continues outreach within public and private schools throughout the state, as well as through various professional groups and community meetings.

The Program has distributed outreach materials and has made numerous presentations to promote the Program and explain its compatibility with the Millennium Scholarship Program and other 529 college savings plans administered by the State Treasurer.

Please help other families, friends, and neighbors learn about our Plans so they too can save for college. One of the easiest ways to do so is by sharing our website address:

www.nevadatreasurer.gov

COMPATIBLE WITH:



Columbia Management.

APPENDIX A

ACTUARIAL VALUATION REPORT

APPENDIX B

INDEPENDENT AUDITOR'S REPORT

APPENDIX C

G.I.F. SERVICES INVESTMENT REPORT

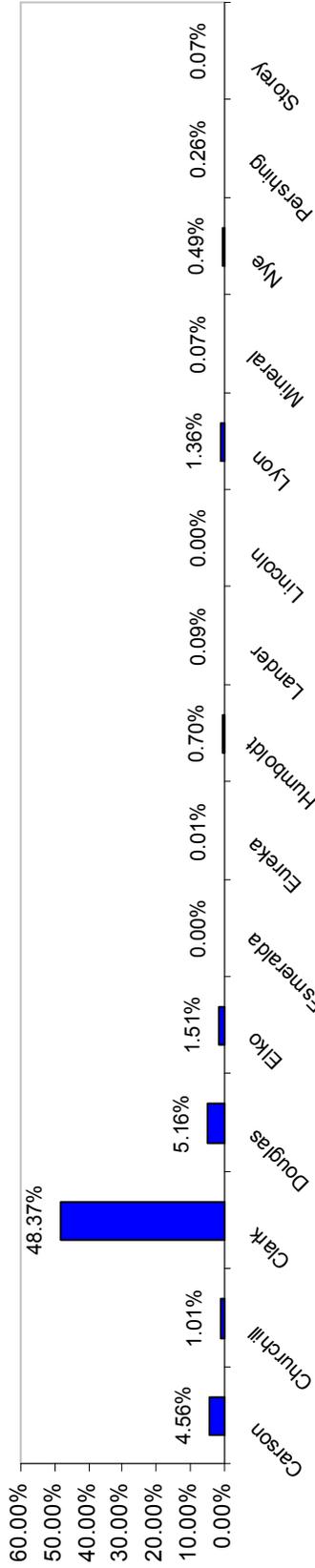
APPENDIX D

THE BANK OF NEW YORK MELLON REPORT

APPENDIX E

PROGRAM STATISTICAL CHARTS

CONTRACTS BY COUNTY



FISCAL YEARS 99 - 07

	COUNT	%
Carson	389	4.58%
Churchill	86	1.01%
Clark	4,099	48.29%
Douglas	440	5.18%
Elko	128	1.51%
Esmeralda	0	0.00%
Eureka	1	0.01%
Humboldt	61	0.72%
Lander	6	0.07%
Lincoln	0	0.00%
Lyon	114	1.34%
Mineral	6	0.07%
Nye	43	0.51%
Pershing	23	0.27%
Storey	5	0.06%
Washoe	2,354	27.73%
White Pine	13	0.15%
Other	654	7.70%
Not Reported	66	0.78%
Total	8,488	100.00%

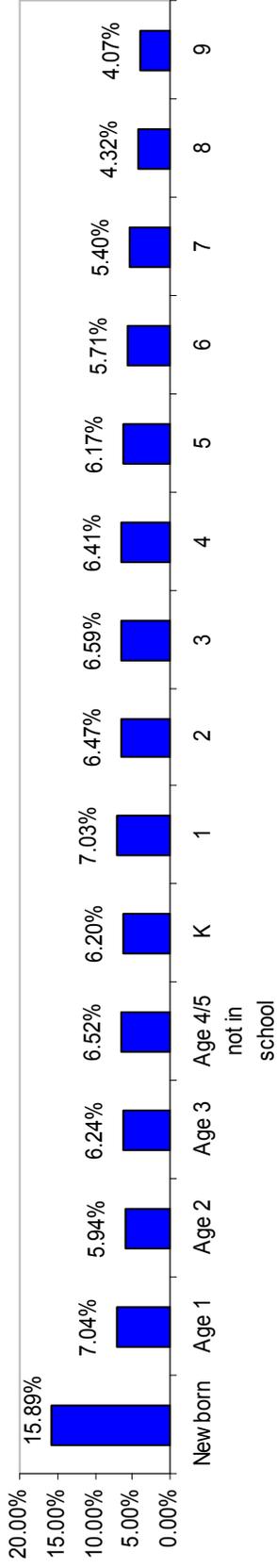
FISCAL YEAR 08

	COUNT	%
Carson	8	3.79%
Churchill	2	0.95%
Clark	109	51.66%
Douglas	9	4.27%
Elko	3	1.42%
Esmeralda	0	0.00%
Eureka	0	0.00%
Humboldt	0	0.00%
Lander	2	0.95%
Lincoln	0	0.00%
Lyon	4	1.90%
Mineral	0	0.00%
Nye	0	0.00%
Pershing	0	0.00%
Storey	1	0.47%
Washoe	58	27.49%
White Pine	1	0.47%
Other	14	6.64%
Not Reported	0	0.00%
Total	211	100.00%

CUMULATIVE

	COUNT	%
Carson	397	4.56%
Churchill	88	1.01%
Clark	4,208	48.37%
Douglas	449	5.16%
Elko	131	1.51%
Esmeralda	0	0.00%
Eureka	1	0.01%
Humboldt	61	0.70%
Lander	8	0.09%
Lincoln	0	0.00%
Lyon	118	1.36%
Mineral	6	0.07%
Nye	43	0.49%
Pershing	23	0.26%
Storey	6	0.07%
Washoe	2,412	27.73%
White Pine	14	0.16%
Other	668	7.68%
Not Reported	66	0.76%
Total	8,699	100.00%

BENEFICIARY'S AGE/GRADE



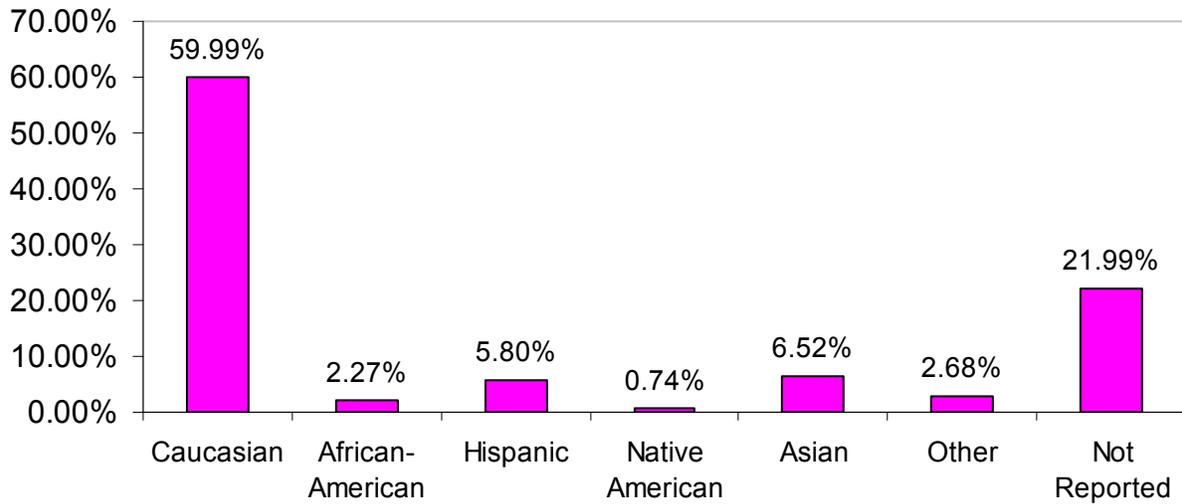
	FISCAL YEARS 99 - 07		FISCAL YEAR 08		CUMULATIVE	
	COUNT	%	COUNT	%	COUNT	%
Newborn	1822	15.51%	78	36.97%	1,900	15.89%
Age 1	825	7.02%	17	8.06%	842	7.04%
Age 2	702	5.98%	8	3.79%	710	5.94%
Age 3	737	6.28%	9	4.27%	746	6.24%
Age 4/5 not in school	774	6.59%	6	2.84%	780	6.52%
K	728	6.20%	13	6.16%	741	6.20%
1	825	7.02%	15	7.11%	840	7.03%
2	764	6.50%	9	4.27%	773	6.47%
3	778	6.62%	10	4.74%	788	6.59%
4	759	6.46%	7	3.32%	766	6.41%
5	726	6.18%	12	5.69%	738	6.17%
6	677	5.76%	6	2.84%	683	5.71%
7	639	5.44%	7	3.32%	646	5.40%
8	510	4.34%	6	2.84%	516	4.32%
9	479	4.08%	8	3.79%	487	4.07%
Total	11,745	100.00%	211	100.00%	11,957	100.00%

NEVADA PREPAID TUITION PROGRAM
LIABILITY BY PROJECTED ENROLLMENT YEAR
AS OF JUNE 30, 2008

2002	28	0.28%
2003	74	0.73%
2004	207	2.05%
2005	327	3.24%
2006	410	4.06%
2007	490	4.86%
2008	524	5.19%
2009	608	6.03%
2010	653	6.47%
2011	649	6.43%
2012	675	6.69%
2013	685	6.79%
2014	625	6.19%
2015	638	6.32%
2016	676	6.70%
2017	591	5.86%
2018	580	5.75%
2019	468	4.64%
2020	274	2.72%
2021	292	2.89%
2022	243	2.41%
2023	170	1.68%
2024	127	1.26%
2025	76	0.75%
TOTAL	10,090	100.00%

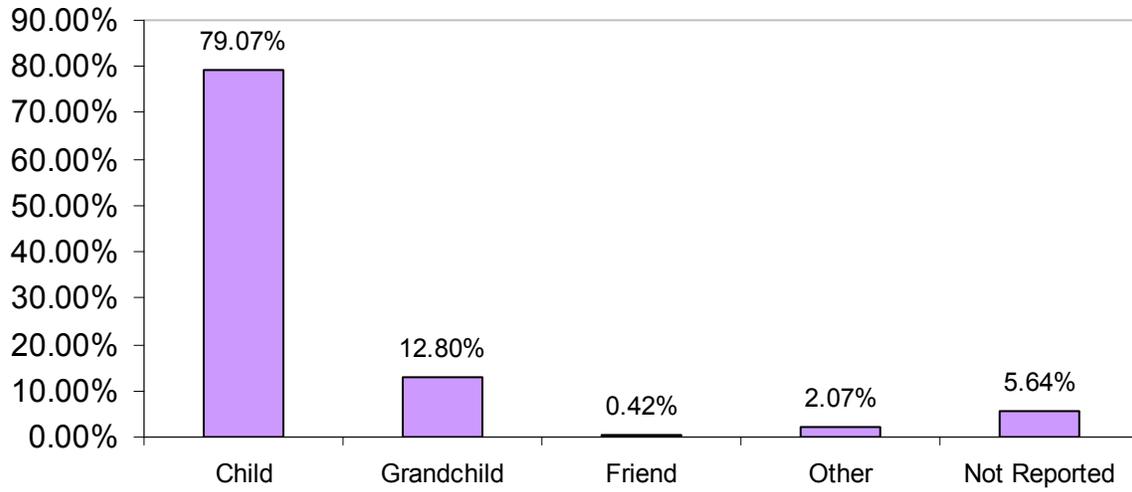
Note: This chart only includes active contracts as of June 30, 2008

RACE OF BENEFICIARY



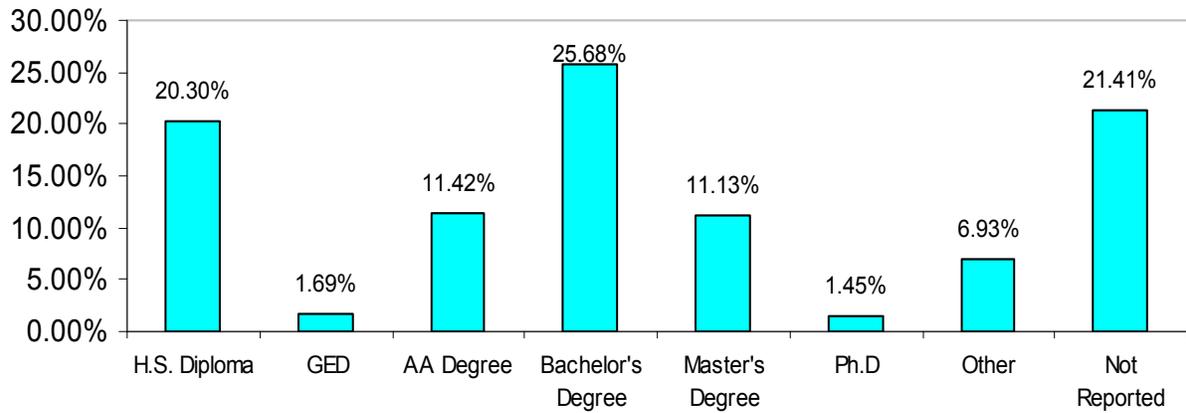
	FISCAL YEARS 99 - 07		FISCAL YEAR 08		CUMULATIVE	
	COUNT	%	COUNT	%	COUNT	%
Caucasian	7062	60.13%	111	52.61%	7,174	59.99%
African-American	262	2.23%	9	4.27%	271	2.27%
Hispanic	677	5.76%	16	7.58%	693	5.80%
Native American	84	0.72%	5	2.37%	89	0.74%
Asian	761	6.48%	19	9.00%	780	6.52%
Other	316	2.69%	5	2.37%	321	2.68%
Not Reported	2583	21.99%	46	21.80%	2,629	21.99%
Total	11,745	100.00%	211	100.00%	11,957	100.00%

BENEFICIARY'S RELATIONSHIP TO PURCHASER



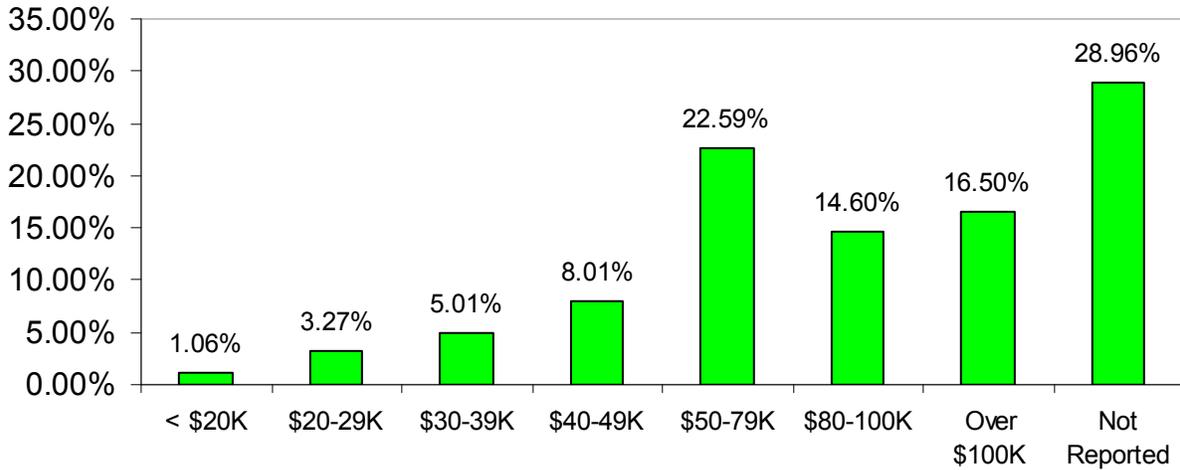
	FISCAL YEARS 99 - 07		FISCAL YEAR 08		CUMULATIVE	
	COUNT	%	COUNT	%	COUNT	%
Child	9284	79.05%	170	80.57%	9,455	79.07%
Grandchild	1501	12.78%	29	13.74%	1,530	12.80%
Friend	50	0.43%	0	0.00%	50	0.42%
Other	245	2.09%	3	1.42%	248	2.07%
Not Reported	665	5.66%	9	4.27%	674	5.64%
Total	11,745	100.00%	211	100.00%	11,957	100.00%

PURCHASER EDUCATION LEVEL



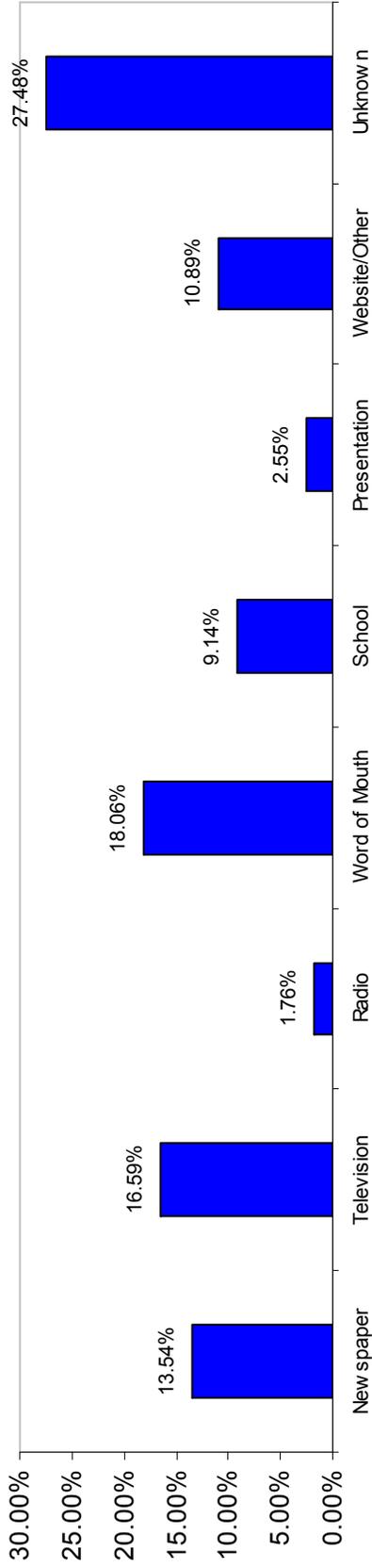
	FISCAL YEARS 99 - 07		FISCAL YEAR 08		CUMULATIVE	
	COUNT	%	COUNT	%	COUNT	%
H.S. Diploma	2390	20.35%	37	17.54%	2,427	20.30%
GED	197	1.68%	5	2.37%	202	1.69%
AA Degree	1333	11.35%	32	15.17%	1,365	11.42%
Bachelor's Degree	3014	25.66%	56	26.54%	3,070	25.68%
Master's Degree	1304	11.10%	27	12.80%	1,331	11.13%
Ph.D	171	1.46%	2	0.95%	173	1.45%
Other	815	6.94%	13	6.16%	828	6.93%
Not Reported	2521	21.46%	39	18.48%	2,560	21.41%
Total	11,745	100.00%	211	100.00%	11,957	100.00%

PURCHASER INCOME RANGE



	FISCAL YEARS 99 - 07		FISCAL YEAR 08		CUMULATIVE	
	COUNT	%	COUNT	%	COUNT	%
< \$20K	127	1.08%	0	0.00%	127	1.06%
\$20-29K	389	3.31%	2	0.95%	391	3.27%
\$30-39K	596	5.07%	3	1.42%	599	5.01%
\$40-49K	944	8.04%	14	6.64%	958	8.01%
\$50-79K	2,662	22.66%	39	18.48%	2,701	22.59%
\$80-100K	1,704	14.51%	41	19.43%	1,745	14.60%
Over \$100K	1,918	16.33%	55	26.07%	1,973	16.50%
Not Reported	3,405	28.99%	57	27.01%	3,462	28.96%
Total	11,745	100.00%	211	100.00%	11,957	100.00%

REFERRAL SOURCE



	FISCAL YEARS 99 - 07		FISCAL YEAR 08		CUMULATIVE	
	COUNT	%	COUNT	%	COUNT	%
Newspaper	1609	13.70%	10	4.74%	1,619	13.54%
Television	1970	16.77%	13	6.16%	1,983	16.59%
Radio	210	1.79%	0	0.00%	210	1.76%
Word of Mouth	2073	17.65%	86	40.76%	2,159	18.06%
School	1078	9.18%	15	7.11%	1,093	9.14%
Presentation	304	2.59%	1	0.47%	305	2.55%
Website/Other	1230	10.47%	72	34.12%	1,302	10.89%
Unknown	3271	27.85%	14	6.64%	3,285	27.48%
Total	11,745	100.00%	211	100.00%	11,957	100.00%